Variance from PDF:	Variance	Perc
Residential	(148,045)	#
Multi-Family	(70,167)	#
Commercial	(112,577)	#
Creedmore-Maha	(646)	#
High Valley	(32)	#
Lost Creek	(2,709)	#
Manor, City of	(1)	#
Manville WSC	(180)	#
Marsha Water	(71)	#
Morningside	(9)	#
Nighthawk	(37)	#
North Austin MUD	[redacted]	#
Northtown MUD	[redacted]	#
Rivercrest	(593)	#
Rollingwood	(1,419)	#
Shady Hollow	(1,488)	#
Sunset Valley MUD	(437)	#
Village of San Leanna	0	#
Water District 10	[redacted]	#
Wells Branch MUD	[redacted]	#
Windermere	(42)	#
Hospira	(632)	#
Spansion	(3,322)	#
Freescale	(4,095)	#
Samsung	(10,648)	#
Sematech	(497)	#
University of Texas	540	#

P-NT01262
P-NA02598

P-TC00869
P-WB01565

Table 297
Austin Water Utility
Water Cost of Service Model - Base/Extra-Capacity Method
Summary of Cost of Service by Customer Class, Cost Category, and Customer Service Characteristic

Customer Class	Base	Max-Day	Max-Hour	Customer	Meter	Fire	Total
Residential							
Raw Water	6,707,670	-	-	-	-	-	6,707,670
Treatment Facilities	10,577,983	8,014,148	-	-	-	-	18,592,132
Chemicals & Power	18,037,731	-	-	-	-	-	18,037,731
Pump & Booster Stations	4,177,118	-	-	-	-	-	4,177,118
Tanks/ Reservoirs	1,401,466	1,061,786	-	-	-	-	2,463,253
Transmission Mains	12,667,671	9,597,349	-	-	-	-	22,265,020
Distribution Mains	8,739,819	6,612,071	7,282,067	-	-	719,923	23,353,879
Fire	-	-	-	-	-	1,079,311	1,079,311
Meters & Services	-	-	-	-	4,754,195	-	4,754,195
Customer Service	-	-	-	13,470,528	-	-	13,470,528
Wholesale Services	17,468	-	-	-	-	-	17,468
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	8,901,006	-	-	-	-	-	8,901,006
Indirect	-	-	-	-	-	-	-
Residential							
Total Residential	71,227,933	25,285,355	7,282,067	13,470,528	4,754,195	1,799,233	123,819,310
Multi-Family							
Raw Water	3,192,074	-	-	-	-	-	3,192,074
Treatment Facilities	5,033,895	1,855,542	-	-	-	-	6,889,438
Chemicals & Power	8,583,871	-	-	-	-	-	8,583,871
Pump & Booster Stations	1,987,824	-	-	-	-	-	1,987,824
Tanks/ Reservoirs	666,936	245,839	-	-	-	-	912,775
Transmission Mains	6,028,345	2,222,106	-	-	-	-	8,250,451
Distribution Mains	4,159,142	1,530,915	2,670,030	-	-	772,808	9,132,895
Fire	-	-	-	-	-	1,158,597	1,158,597
Meters & Services	-	-	-	-	1,204,021	-	1,204,021
Customer Service	-	-	-	434,856	-	-	434,856

P-NT01263
P-NA02599

P-TC00870
P-WB01566

Wholesale Services	8,313	-	-	-	-	-	8,313
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	3,692,352	-	-	-	-	-	3,692,352
Indirect	-	-	-	-	-	-	-
Multi-Family							
Total Multi-Family	33,352,752	5,854,402	2,670,030	434,856	1,204,021	1,931,405	45,447,467
Commercial							
Raw Water	4,261,500	-	-	-	-	-	4,261,500
Treatment Facilities	6,720,377	3,989,730	-	-	-	-	10,710,107
Chemicals & Power	11,459,684	-	-	-	-	-	11,459,684
Pump & Booster Stations	2,653,796	-	-	-	-	-	2,653,796
Tanks/ Reservoirs	890,376	528,595	-	-	-	-	1,418,971
Transmission Mains	8,047,992	4,777,904	-	-	-	-	12,825,896
Distribution Mains	5,552,559	3,291,726	4,148,001	-	-	718,118	13,710,403
Fire	-	-	-	-	-	1,076,605	1,076,605
Meters & Services	-	-	-	-	2,107,313	-	2,107,313
Customer Service	-	-	-	1,231,946	-	-	1,231,946
Wholesale Services	11,098	-	-	-	-	-	11,098
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	5,511,822	-	-	-	-	-	5,511,822
Indirect	-	-	-	-	-	-	-
Commercial							
Total Commercial	45,109,202	12,587,956	4,148,001	1,231,946	2,107,313	1,794,723	66,979,140
Creedmore-Maha							
Raw Water	19,491	-	-	-	-	-	19,491
Treatment Facilities	47,729	28,646	-	-	-	-	76,375
Chemicals & Power	81,389	-	-	-	-	-	81,389
Pump & Booster Stations	18,848	-	-	-	-	-	18,848
Tanks/ Reservoirs	6,324	3,795	-	-	-	-	10,119
Transmission Mains	57,158	34,305	-	-	-	-	91,463
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	858	-	858

P-NT01264
P-NA02600

P-TC00871
P-WB01567

Customer Service	-	-	-	221	-	-	221
Wholesale Services	4,462	-	-	-	-	-	4,462
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	25,951	-	-	-	-	-	25,951
Indirect	-	-	-	-	-	-	-
Creedmore-Maha							
Total Creedmore-Maha	261,352	66,746	-	221	858	-	329,177
High Valley							
Raw Water	1,467	-	-	-	-	-	1,467
Treatment Facilities	3,592	2,443	-	-	-	-	6,035
Chemicals & Power	6,125	-	-	-	-	-	6,125
Pump & Booster Stations	1,418	-	-	-	-	-	1,418
Tanks/ Reservoirs	476	324	-	-	-	-	800
Transmission Mains	4,302	2,926	-	-	-	-	7,228
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	167	-	167
Customer Service	-	-	-	74	-	-	74
Wholesale Services	336	-	-	-	-	-	336
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	1,980	-	-	-	-	-	1,980
Indirect	-	-	-	-	-	-	-
High Valley							
Total High Valley	19,696	5,693	-	74	167	-	25,630
Lost Creek							
Raw Water	65,900	-	-	-	-	-	65,900
Treatment Facilities	161,373	179,177	-	-	-	-	340,550
Chemicals & Power	275,175	-	-	-	-	-	275,175
Pump & Booster Stations	63,724	-	-	-	-	-	63,724
Tanks/ Reservoirs	21,380	23,739	-	-	-	-	45,119
Transmission Mains	193,252	214,574	-	-	-	-	407,826
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-

Meters & Services	-	-	-	-	2,407	-	2,407
Customer Service	-	-	-	74	-	-	74
Wholesale Services	15,087	-	-	-	-	-	15,087
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	95,867	-	-	-	-	-	95,867
Indirect	-	-	-	-	-	-	-
Lost Creek							
Total	891,758	417,490	-	74	2,407	-	1,311,728
Lost Creek							
Manor, City of							
Raw Water	53	-	-	-	-	-	53
Treatment Facilities	131	89	-	-	-	-	220
Chemicals & Power	223	-	-	-	-	-	223
Pump & Booster Stations	52	-	-	-	-	-	52
Tanks/ Reservoirs	17	12	-	-	-	-	29
Transmission Mains	157	107	-	-	-	-	263
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	335	-	335
Meters & Services	-	-	-	74	-	-	74
Customer Service	-	-	-	-	-	-	12
Wholesale Services	12	-	-	-	-	-	-
Revenue-Based Fixed Charge	-	-	-	-	-	-	68
Revenue-Based Volume Charge	68	-	-	-	-	-	-
Indirect	-	-	-	-	-	-	
Manor, City of							
Total	713	207	-	74	335	-	1,330
Manor, City of							
Manville WSC							
Raw Water	6,681	-	-	-	-	-	6,681
Treatment Facilities	16,360	24,383	-	-	-	-	40,743
Chemicals & Power	27,897	-	-	-	-	-	27,897
Pump & Booster Stations	6,460	-	-	-	-	-	6,460
Tanks/ Reservoirs	2,167	3,231	-	-	-	-	5,398
Transmission Mains	19,592	29,200	-	-	-	-	48,792
Distribution Mains	-	-	-	-	-	-	-

Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	523	-	523
Customer Service	-	-	-	74	-	-	74
Wholesale Services	1,529	-	-	-	-	-	1,529
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	13,466	-	-	-	-	-	13,466
Indirect	-	-	-	-	-	-	-
Manville WSC							
Total Manville WSC	94,153	56,814	-	74	523	-	151,564
Marsha Water							
Raw Water	2,309	-	-	-	-	-	2,309
Treatment Facilities	5,654	3,563	-	-	-	-	9,217
Chemicals & Power	9,641	-	-	-	-	-	9,641
Pump & Booster Stations	2,233	-	-	-	-	-	2,233
Tanks/ Reservoirs	749	472	-	-	-	-	1,221
Transmission Mains	6,771	4,267	-	-	-	-	11,038
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	167	-	167
Customer Service	-	-	-	74	-	-	74
Wholesale Services	529	-	-	-	-	-	529
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	3,564	-	-	-	-	-	3,564
Indirect	-	-	-	-	-	-	-
Marsha Water							
Total Marsha Water	31,450	8,302	-	74	167	-	39,993
Morningside							
Raw Water	187	-	-	-	-	-	187
Treatment Facilities	458	417	-	-	-	-	875
Chemicals & Power	781	-	-	-	-	-	781
Pump & Booster Stations	181	-	-	-	-	-	181
Tanks/ Reservoirs	61	55	-	-	-	-	116
Transmission Mains	549	499	-	-	-	-	1,048

P-NT01267
P-NA02603

P-TC00874
P-WB01570

Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	167	-	167
Customer Service	-	-	-	74	-	-	74
Wholesale Services	43	-	-	-	-	-	43
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	315	-	-	-	-	-	315
Indirect	-	-	-	-	-	-	-
Morningside Total	2,574	972	-	74	167	-	3,787
Morningside							
Nighthawk							
Raw Water	2,428	-	-	-	-	-	2,428
Treatment Facilities	5,945	3,508	-	-	-	-	9,453
Chemicals & Power	10,137	-	-	-	-	-	10,137
Pump & Booster Stations	2,347	-	-	-	-	-	2,347
Tanks/ Reservoirs	788	465	-	-	-	-	1,252
Transmission Mains	7,119	4,201	-	-	-	-	11,320
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	335	-	335
Customer Service	-	-	-	74	-	-	74
Wholesale Services	556	-	-	-	-	-	556
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	3,603	-	-	-	-	-	3,603
Indirect	-	-	-	-	-	-	-
Nighthawk Total	32,922	8,175	-	74	335	-	41,505
Nighthawk							
North Austin MUD							
Raw Water	87,852	-	-	-	-	-	87,852
Treatment Facilities	215,128	166,344	-	-	-	-	381,472
Chemicals & Power	366,840	-	-	-	-	-	366,840
Pump & Booster Stations	84,952	-	-	-	-	-	84,952
Tanks/ Reservoirs	28,502	22,039	-	-	-	-	50,541

Transmission Mains	257,627	199,205	-	-	-	-	456,832
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	15,491	-	15,491
Customer Service	-	-	-	516	-	-	516
Wholesale Services	20,112	-	-	-	-	-	20,112
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	139,362	-	-	-	-	-	139,362
Indirect	-	-	-	-	-	-	-
North Austin MUD							
Total North Austin MUD	1,200,376	387,588	-	516	15,491	-	1,603,971
Northtown MUD							
Raw Water	68,783	-	-	-	-	-	68,783
Treatment Facilities	168,433	114,568	-	-	-	-	283,001
Chemicals & Power	287,214	-	-	-	-	-	287,214
Pump & Booster Stations	66,512	-	-	-	-	-	66,512
Tanks/ Reservoirs	22,315	15,179	-	-	-	-	37,494
Transmission Mains	201,707	137,201	-	-	-	-	338,908
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	12,246	-	12,246
Customer Service	-	-	-	442	-	-	442
Wholesale Services	15,747	-	-	-	-	-	15,747
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	91,671	-	-	-	-	-	91,671
Indirect	-	-	-	-	-	-	-
Northtown MUD							
Total Northtown MUD	922,381	266,949	-	442	12,246	-	1,202,018
Rivercrest							
Raw Water	23,284	-	-	-	-	-	23,284
Treatment Facilities	57,016	69,352	-	-	-	-	126,368
Chemicals & Power	97,225	-	-	-	-	-	97,225
Pump & Booster Stations	22,515	-	-	-	-	-	22,515

Tanks/ Reservoirs	7,554	9,188	-	-	-	-	16,742
Transmission Mains	68,280	83,053	-	-	-	-	151,333
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	4,815	-	4,815
Customer Service	-	-	-	147	-	-	147
Wholesale Services	5,330	-	-	-	-	-	5,330
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	48,355	-	-	-	-	-	48,355
Indirect	-	-	-	-	-	-	-
Rivercrest Total	329,559	161,594	-	147	4,815	-	496,115
Rivercrest							
Rollingwood							
Raw Water	30,427	-	-	-	-	-	30,427
Treatment Facilities	74,509	82,729	-	-	-	-	157,238
Chemicals & Power	127,053	-	-	-	-	-	127,053
Pump & Booster Stations	29,423	-	-	-	-	-	29,423
Tanks/ Reservoirs	9,872	10,961	-	-	-	-	20,832
Transmission Mains	89,228	99,072	-	-	-	-	188,300
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	3,140	-	3,140
Customer Service	-	-	-	221	-	-	221
Wholesale Services	6,966	-	-	-	-	-	6,966
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	49,544	-	-	-	-	-	49,544
Indirect	-	-	-	-	-	-	-
Rollingwood Total	417,021	192,762	-	221	3,140	-	613,144
Rollingwood							
Shady Hollow							
Raw Water	51,856	-	-	-	-	-	51,856
Treatment Facilities	126,983	138,452	-	-	-	-	265,435
Chemicals & Power	216,533	-	-	-	-	-	216,533

Pump & Booster Stations	50,144	-	-	-	-	-	50,144
Tanks/ Reservoirs	16,824	18,343	-	-	-	-	35,167
Transmission Mains	152,068	165,804	-	-	-	-	317,872
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	2,093	-	2,093
Customer Service	-	-	-	147	-	-	147
Wholesale Services	11,871	-	-	-	-	-	11,871
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	82,901	-	-	-	-	-	82,901
Indirect	-	-	-	-	-	-	-
Shady Hollow							
Total	709,180	322,600	-	147	2,093	-	1,034,021
Shady Hollow							
Sunset Valley MUD							
Raw Water	22,896	-	-	-	-	-	22,896
Treatment Facilities	56,068	39,259	-	-	-	-	95,327
Chemicals & Power	95,608	-	-	-	-	-	95,608
Pump & Booster Stations	22,141	-	-	-	-	-	22,141
Tanks/ Reservoirs	7,428	5,201	-	-	-	-	12,630
Transmission Mains	67,144	47,015	-	-	-	-	114,159
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	9,337	-	9,337
Customer Service	-	-	-	516	-	-	516
Wholesale Services	5,242	-	-	-	-	-	5,242
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	34,501	-	-	-	-	-	34,501
Indirect	-	-	-	-	-	-	-
Sunset Valley MUD							
Total	311,028	91,475	-	516	9,337	-	412,356
Sunset Valley MUD							
Village of San Leanna							
Raw Water	1,113	-	-	-	-	-	1,113
Treatment Facilities	2,727	2,782	-	-	-	-	5,509

Chemicals & Power	4,650	-	-	-	-	-	4,650
Pump & Booster Stations	1,077	-	-	-	-	-	1,077
Tanks/ Reservoirs	361	369	-	-	-	-	730
Transmission Mains	3,265	3,332	-	-	-	-	6,597
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	335	-	335
Customer Service	-	-	-	74	-	-	74
Wholesale Services	255	-	-	-	-	-	255
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	1,830	-	-	-	-	-	1,830
Indirect	-	-	-	-	-	-	-
Village of San Leanna Total	15,278	6,482	-	74	335	-	22,168
Village of San Leanna							
Water District 10							
Raw Water	195,885	-	-	-	-	-	195,885
Treatment Facilities	479,674	413,602	-	-	-	-	893,276
Chemicals & Power	817,947	-	-	-	-	-	817,947
Pump & Booster Stations	189,417	-	-	-	-	-	189,417
Tanks/ Reservoirs	63,552	54,798	-	-	-	-	118,349
Transmission Mains	574,434	495,309	-	-	-	-	1,069,743
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	8,060	-	8,060
Customer Service	-	-	-	295	-	-	295
Wholesale Services	44,844	-	-	-	-	-	44,844
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	291,151	-	-	-	-	-	291,151
Indirect	-	-	-	-	-	-	-
Water District 10 Total	2,656,904	963,709	-	295	8,060	-	3,628,967
Water District 10							
Wells Branch MUD							
Raw Water	115,302	-	-	-	-	-	115,302

P-NT01272
P-NA02608

P-TC00879
P-WB01575

Treatment Facilities	282,346	190,483	-	-	-	-	472,829
Chemicals & Power	481,461	-	-	-	-	-	481,461
Pump & Booster Stations	111,495	-	-	-	-	-	111,495
Tanks/ Reservoirs	37,408	25,237	-	-	-	-	62,645
Transmission Mains	338,124	228,113	-	-	-	-	566,237
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	8,478	-	8,478
Customer Service	-	-	-	516	-	-	516
Wholesale Services	26,396	-	-	-	-	-	26,396
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	153,054	-	-	-	-	-	153,054
Indirect	-	-	-	-	-	-	-
Wells Branch MUD							
Total Wells Branch MUD	1,545,585	443,834	-	516	8,478	-	1,998,413
Windermere							
Raw Water	1,336	-	-	-	-	-	1,336
Treatment Facilities	3,272	10,539	-	-	-	-	13,811
Chemicals & Power	5,579	-	-	-	-	-	5,579
Pump & Booster Stations	1,292	-	-	-	-	-	1,292
Tanks/ Reservoirs	433	1,396	-	-	-	-	1,830
Transmission Mains	3,918	12,621	-	-	-	-	16,539
Distribution Mains	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Meters & Services	-	-	-	-	1,047	-	1,047
Customer Service	-	-	-	74	-	-	74
Wholesale Services	306	-	-	-	-	-	306
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	9,198	-	-	-	-	-	9,198
Indirect	-	-	-	-	-	-	-
Windermere							
Total Windermere	25,335	24,556	-	74	1,047	-	51,012
Hospira							

P-NT01273
P-NA02609

P-TC00880
P-WB01576

Raw Water	30,408	-	-	-	-	-	30,408
Treatment Facilities	47,953	27,341	-	-	-	-	75,294
Chemicals & Power	81,770	-	-	-	-	-	81,770
Pump & Booster Stations	18,936	-	-	-	-	-	18,936
Tanks/ Reservoirs	6,353	3,622	-	-	-	-	9,976
Transmission Mains	57,426	32,743	-	-	-	-	90,169
Distribution Mains	39,620	22,558	22,600	-	-	3,154	87,932
Fire	-	-	-	-	-	4,728	4,728
Meters & Services	-	-	-	-	2,762	-	2,762
Customer Service	-	-	-	74	-	-	74
Wholesale Services	79	-	-	-	-	-	79
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	42,339	-	-	-	-	-	42,339
Indirect	-	-	-	-	-	-	-
Hospira Total	324,884	86,264	22,600	74	2,762	7,882	444,466

Spansion Raw Water	142,660	-	-	-	-	-	142,660
Treatment Facilities	224,974	62,336	-	-	-	-	287,310
Chemicals & Power	383,629	-	-	-	-	-	383,629
Pump & Booster Stations	88,840	-	-	-	-	-	88,840
Tanks/ Reservoirs	29,807	8,259	-	-	-	-	38,065
Transmission Mains	269,418	74,651	-	-	-	-	344,069
Distribution Mains	185,880	51,431	134,489	-	-	5,958	377,757
Fire	-	-	-	-	-	8,932	8,932
Meters & Services	-	-	-	-	4,683	-	4,683
Customer Service	-	-	-	147	-	-	147
Wholesale Services	372	-	-	-	-	-	372
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	176,302	-	-	-	-	-	176,302
Indirect	-	-	-	-	-	-	-
Spansion Total	1,501,880	196,677	134,489	147	4,683	14,889	1,852,765

P-NT01274
P-NA02610

P-TC00881
P-WB01577

Freescale							
Raw Water	224,592	-	-	-	-	-	224,592
Treatment Facilities	354,182	99,200	-	-	-	-	453,382
Chemicals & Power	603,956	-	-	-	-	-	603,956
Pump & Booster Stations	139,862	-	-	-	-	-	139,862
Tanks/ Reservoirs	46,925	13,143	-	-	-	-	60,068
Transmission Mains	424,151	118,798	-	-	-	-	542,948
Distribution Mains	292,635	81,845	175,709	-	-	6,164	556,353
Fire	-	-	-	-	-	9,242	9,242
Meters & Services	-	-	-	-	5,236	-	5,236
Customer Service	-	-	-	368	-	-	368
Wholesale Services	585	-	-	-	-	-	585
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	266,665	-	-	-	-	-	266,665
Indirect	-	-	-	-	-	-	-
Freescale							
Total Freescale	2,353,554	312,986	175,709	368	5,236	15,406	2,863,258

Samsung							
Raw Water	570,394	-	-	-	-	-	570,394
Treatment Facilities	899,509	305,924	-	-	-	-	1,205,434
Chemicals & Power	1,533,857	-	-	-	-	-	1,533,857
Pump & Booster Stations	355,205	-	-	-	-	-	355,205
Tanks/ Reservoirs	119,175	40,532	-	-	-	-	159,707
Transmission Mains	1,077,208	366,360	-	-	-	-	1,443,568
Distribution Mains	743,199	252,403	468,556	-	-	9,462	1,473,620
Fire	-	-	-	-	-	14,185	14,185
Meters & Services	-	-	-	-	8,286	-	8,286
Customer Service	-	-	-	221	-	-	221
Wholesale Services	1,485	-	-	-	-	-	1,485
Revenue-Based Fixed Charge	-	-	-	-	-	-	-
Revenue-Based Volume Charge	521,045	-	-	-	-	-	521,045
Indirect	-	-	-	-	-	-	-
Samsung							
Total Samsung	5,821,078	965,218	468,556	221	8,286	23,647	7,287,007

P-NT01275
P-NA02611

P-TC00882
P-WB01578

Sematech							30,319
Raw Water	30,319	-	-	-	-	-	63,118
Treatment Facilities	47,813	15,305	-	-	-	-	81,531
Chemicals & Power	81,531	-	-	-	-	-	18,881
Pump & Booster Stations	18,881	-	-	-	-	-	8,362
Tanks/ Reservoirs	6,335	2,028	-	-	-	-	75,586
Transmission Mains	57,258	18,328	-	-	-	3,154	79,796
Distribution Mains	39,504	12,627	24,510	-	-	4,728	4,728
Fire	-	-	-	-	2,762	-	2,762
Meters & Services	-	-	-	74	-	-	74
Customer Service	-	-	-	-	-	-	79
Wholesale Services	79	-	-	-	-	-	-
Revenue-Based Fixed Charge	-	-	-	-	-	-	31,924
Revenue-Based Volume Charge	31,924	-	-	-	-	-	-
Indirect	-	-	-	-	-		
Sematech							
Total	313,644	48,288	24,510	74	2,762	7,882	397,160

University of Texas							163,676
Raw Water	163,676	-	-	-	-	-	410,451
Treatment Facilities	258,117	152,334	-	-	-	-	440,145
Chemicals & Power	440,145	-	-	-	-	-	101,927
Pump & Booster Stations	101,927	-	-	-	-	-	54,380
Tanks/ Reservoirs	34,198	20,183	-	-	-	-	491,536
Transmission Mains	309,108	182,428	-	-	-	29,094	528,104
Distribution Mains	213,263	125,683	160,064	-	-	43,618	43,618
Fire	-	-	-	-	30,813	-	30,813
Meters & Services	-	-	-	1,399	-	-	1,399
Customer Service	-	-	-	-	-	-	426
Wholesale Services	426	-	-	-	-	-	-
Revenue-Based Fixed Charge	-	-	-	-	-	-	227,913
Revenue-Based Volume Charge	227,913	-	-	-	-	-	-
Indirect	-	-	-	-	-		
University of Texas							
Total	1,748,774	480,629	160,064	1,399	30,813	72,711	2,494,390

P-TC00883
P-WB01579

P-NT01276
P-NA02612

University of Texas

Grand Total	171,220,965	49,243,722	15,086,026	15,143,296	8,190,073	5,667,780	264,551,861
Per PDF	171,468,299	49,294,047	15,097,619	15,196,789	8,207,075	5,658,938	264,922,766
Variance	(247,334)	(50,325)	(11,593)	(53,493)	(17,002)	8,842	(370,905)
Variance %	-0.14%	-0.10%	-0.08%	-0.35%	-0.21%	0.16%	-0.14%

P-NT01277
P-NA02613

P-TC00884
P-WB01580

System Total	$171,468,299	$49,294,047	$15,097,619	$15,196,789	$8,207,075	$5,658,938	$264,922,766

P-NT01278
P-NA02614

P-TC00885
P-WB01581

Table 298
Austin Water Utility
Water Cost of Service Model - Base/Extra-Capacity Method
Summary of Cost of Service by Cost Category and Customer Service Characteristic

Cost Category	Base	Max-Day	Max-Hour	Monthly		Fire	Totals
				Customer	Meter		
Raw Water	$16,020,544	$0	$0	$0	$0	$0	$16,020,544
Treatment Facilities	25,887,050	15,997,126	0	0	0	0	41,884,176
Chemicals & Power	44,273,495	0	0	0	0	0	44,273,495
Pump & Booster Stations	10,228,978	0	0	0	0	0	10,228,978
Tanks/ Reservoirs	3,428,978	2,118,967	0	0	0	0	5,547,945
Transmission Mains	31,015,990	19,166,599	0	0	0	0	50,182,588
Distribution Mains	19,995,283	12,011,356	15,097,619	0	0	2,253,102	49,357,359
Fire	0	0	0	0	0	3,405,836	3,405,836
Meters & Services	0	0	0	0	8,207,075	0	8,207,075
Customer Service	0	0	0	15,196,789	0	0	15,196,789
Wholesale Services	200,233	0	0	0	0	0	200,233
Revenue-Based Fixed Charge	0	0	0	0	0	0	0
Revenue-Based Volume Charge	20,417,748	0	0	0	0	0	20,417,748
Indirect	0	0	0	0	0	0	0
Cost Category							
Totals	$171,468,299	$49,294,047	$15,097,619	$15,196,789	$8,207,075	$5,658,938	$264,922,766

P-NT01279
P-NA02615

P-TC00886
P-WB01582

RESPONSE TO REQUEST NO. 18 (NORTHTOWN)
RESPONSE TO REQUEST NO. 32 (NAMD1)
RESPONSE TO REQUEST NO. 26 (TRAVIS WCID)
RESPONSE TO REQUEST NO. 23 (WELLS BRANCH)

State of Texas

State Office of Administrative Hearings

SOAH PFD Search

Agency Code: All Agency Codes
Agency Name: All Agency Names
Docket Number:
Key Word Criteria: Help
Date Written: at any time.
Search

5 documents matching the Docket Number 582-05-0003 in all agencies

Documents 1 to 5

1. 100% relevance **582-09-5328-exc1.pdf**
14 KB - 8/13/2010 12:47:05 PM
August 10, 2010 Les Trobman, General Counsel Texas Commission on Environmental Quality P.O. Box 13087 Austin Texas 78711-3087 Re: SOAH Docket No. 582-09-5328; TCEQ Docket No. 2009-0929-UCR, Re: Application of Deer Creek Ranch Water Co. LLC, to Change its Water Rates and Tariff Under Certificate of CAugust 10, 2010 Les Trobman, General Counsel Texas Commission on Environmental Quality P O. Box 13087 Austin Texas 78711-3087 Re: SOAH Docket No. 582-09-5328; TCEQ Docket No 2009-0929-UCR; Re: Application of Deer Creek Ranch Water Co. LLC, to Change its Water Rates and Tariff Under Certificate of C

2. 85% relevance **582-05-0003-po0.pdf**
20.8 KB - 2/9/2006 3:52:25 PM
Texas Commission On Environmental Quality AN ORDER Denying the Ratepayer's Appeal of the Retail Water Rate Increase of Chisholm Trail Special Utility District; SOAH Docket No 582-05- 0003, TCEQ Docket No. 2004-0979-UCR On _ the Texas Commission on Environmental Quality Commission) considered the RaTexas Commission On Environmental Quality AN ORDER Denying the Ratepayer's Appeal of the Retail Water Rate Increase of Chisholm Trail Special Utility District; SOAH Docket No. 582-05- 0003, TCEQ Docket No. 2004-0979-UCR On _ the Texas Commission on Environmental Quality Commission) considered the Ra

3. 42 5% relevance **582-05-0003-pfd0.pdf**
34 8 KB - 2/9/2006 3:52:20 PM
SOAH DOCKET NO. 582-05-0003 TCEQ DOCKET NO 2004-0979-UCR PETITION REQUESTING REVIEW OF CHISHOLM TRAIL SPECIAL UTILITY DISTRICT'S RATE INCREASE PURSUANT TO TEXAS WATER CODE SECTION 13.043 ◆ ◆ ◆ ◆ ◆ ◆SOAH DOCKET NO. 582-05-0003 TCEQ DOCKET NO 2004-0979-UCR PETITION REQUESTING REVIEW OF CHISHOLM TRAIL SPECIAL UTILITY DISTRICT'S RATE INCREASE PURSUANT TO TEXAS WATER CODE SECTION 13.043 § § § § § §

4. 32.5% relevance **582-08-2863-po1.pdf**
36.1 KB - 2/8/2011 9.42 07 PM
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AN ORDER REGARDING THE APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY SOAH DOCKET NO. 582-08-2863 TCEQ DOCKET NO. 2008-0093-UCR On _ the Texas Commission on Environmental Quality (TCEQ or Commission) considered the appeTEXAS COMMISSION ON ENVIRONMENTAL QUALITY AN ORDER REGARDING THE APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY SOAH DOCKET NO 582-08-2863 TCEQ DOCKET NO. 2008-0093-UCR On _ the Texas Commission on Environmental Quality (TCEQ or Commission) considered the appe

5. 10% relevance **582-08-2863-pfd1.pdf**
138.7 KB - 2/8/2011 9:42:01 PM
SOAH DOCKET NO 582-08-2863 TCEQ DOCKET NO 2008-0093-UCR APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS TABLE OF CONTENTS I. INTRODUCTION AND SUMMARY 1 II. DESCRIPTION OF LCRA AND APPELLANTS 2 III JURISDSOAH DOCKET NO. 582-08-2863 TCEQ DOCKET NO. 2008-0093-UCR APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS TABLE OF CONTENTS I. INTRODUCTION AND SUMMARY 1 II. DESCRIPTION OF LCRA AND APPELLANTS 2 III. JURISD

Page 1 of 1

The index is up to date.

300 W. 15th Street, Suite 504 Austin, TX 78701-1649 Phone 512.475.4993 Fax 512.475.4994 Email: questions@soah.state.tx.us

P-NT01281
P-NA02617

P-TC00888
P-WB01584

SOAH DOCKET NO. 582-05-0003
TCEQ DOCKET NO. 2004-0979-UCR

PETITION REQUESTING REVIEW OF CHISHOLM TRAIL SPECIAL UTILITY DISTRICT'S RATE INCREASE PURSUANT TO TEXAS WATER CODE SECTION 13.043	§	**BEFORE THE STATE OFFICE**
	§	
	§	**OF**
	§	
	§	**ADMINISTRATIVE HEARINGS**

PROPOSAL FOR DECISION

I. INTRODUCTION

A group of ratepayers represented by customer Russell Purcell (Mr. Purcell or Ratepayers)[1] appealed a water rate increase by Chisholm Trail Special Utility District (the District) pursuant to the appeal authority of ratepayers under TEX. WATER CODE ANN. §13.043. Mr. Purcell contends the rates are not just and reasonable and are discriminatory to the low volume users. Additionally, Mr. Purcell challenges the applicability of the "cash basis" to the cost of service analysis for the District and the overall sufficiency of the rate.

The District, the Executive Director's Staff (ED) of the Texas Commission on Environmental Quality (the Commission), and the Office of Public Interest Counsel (OPIC) assert that the rate increase is just, reasonable, and nondiscriminatory to all groups of customers; that the "cash basis" cost of service accounting methodology is appropriate for a governmental entity; and that the rates as proposed are adequate to preserve the financial integrity of the District. As set forth in this proposal for decision, the Administrative Law Judge (ALJ) concludes that the District has shown that the rates are just, reasonable, and nondiscriminatory to all groups of ratepayers, that the "cash basis" is the appropriate methodology for this government entity, and the rate is sufficient to maintain the

[1] Mr. Purcell represented a group of ratepayers, but he was the only one of that group who actively participated in the hearing. Reg Pierson was another party who was a member of that group, but withdrew his party status prior to the hearing.

integrity of the District. For sake of efficiency, significant portions of parties' closing arguments have been inserted into this proposal.

II. PARTIES

There are four active groups of parties to this case: the District and ratepayers that support the rate increase, the ED, the OPIC, and the group of ratepayers represented by Mr. Purcell.

III. PROCEDURAL HISTORY AND JURISDICTION

This proceeding began when Mr. Purcell filed a petition with the Commission challenging the District's rates pursuant to TEX. WATER CODE ANN. §13.043. On July 16, 2004, the ratepayer's petition was declared administratively complete by the Commission, and it was referred to the State Office of Administrative Hearings (SOAH) on September 1, 2004.

A preliminary hearing was conducted on November 30, 2004, at which time notice exhibits were offered and admitted into evidence. At that hearing, the District filed a motion to dismiss the ratepayer's petition and submitted its own counter petition containing the signatures of approximately 150 of the 400 original customers, saying that they had been mislead into signing the petition sponsored by Mr. Purcell and that they wished to withdraw their signatures from the list. After considering the arguments of the parties, the ALJ ultimately ruled that because there were at least 10% or more of the District's customer signatures on the complaining petition at the time it was submitted to the Commission, the Commission's jurisdiction had been invoked for a hearing review of the rates. The ALJ also concluded that the Commission had jurisdiction to consider and act on Mr. Purcell's appeal under TEX. WATER CODE ANN. § 13.043 and issued an order setting this case for hearing.

The hearing on the merits was then conducted on November 7, 2005, and the record closed on December 16, 2005, with the filing of the last written briefs.

IV. HISTORICAL BACKGROUND

The District is a special utility district. It was originally created as a nonprofit water supply corporation, applied in the early 1990s to the Texas Water Commission for approval to convert to a special utility district and made that conversion with the Commission's approval. The District has a CCN that includes approximately 330 square miles, is located between the City of Georgetown and the City of Salado, and is primarily west of IH-35 but east of Highway 183. The District includes parts of Williamson, Burnet, and Bell Counties. The District serves approximately 4,400 water meters, which represents a population of 11,000 people. The District's customer base is 99 percent single family connections served by standard 3/4" by 3/4 " diameter water meter.

In May of 2002, Mr. Purcell was on the Board of Directors for the District. At that time, the Board adopted new rates for the District without a cost of service study. Those rates dramatically increased the water conservation rates that were in effect for the period of May through October of each year for water users above 30,000 gallons per month. For example, the upper tier water rate went from $6.00 per thousand gallons to $10.50 per thousand. This represented a 75% increase for upper tier users. As a result of this increase, the District's revenues increased by about $300,000 per year, but many higher volume customers were unhappy with the new rates because some were paying as much as $500.00-$1,000.00 in the summer months for their water bill. The record reflects that those customers made complaints to the District, but the Purcell Board was unpersuaded by those complaints and was satisfied with its increased summer rates. Consequently, several dissatisfied customers ran and were elected to the District's Board at the May 2003 Board elections on the platform of fairer water rates. Also, during the period from June 2003 to November 2003, three of the Board members resigned, including Mr. Purcell.

The new Board of Directors, on their purported mandate of fairer rates, asked the District manager to perform a cost of service study designing an annual rate structure that would be fair and applicable for year-round consumption. Six design alternatives were presented to the Board for their consideration and in May of 2004 the District adopted new rates. Because the District is a political subdivision, the Board was able to adopt the rates without Commission approval, subject only to a *de novo* review by the Commission if 10 percent or more of the customers file a petition to appeal the rate.

Despite the new Board's stated intent to redesign rates to be fair to all customer class, Mr. Purcell was unhappy with the new rate structure and organized the collection of signatures on a petition appealing the District's rate to the Commission pursuant to the provisions of TEX. WATER CODE ANN. §13.043. Mr. Purcell obtained over 400 signatures (representing over 10% of the District's customers) and submitted the petition to the Commission. On July 16, 2004, the Staff declared the petition administratively complete and referred the matter to SOAH for a hearing.

The disputed change only increased the rate of one customer group: the low quantity users. That group was asked to pay only $.25 more per thousand for the first 10,000 gallons of service. All other groups saw an overall rate reduction from the previous rates. Consequently, there was not much of a rate increase at all, and it only impacted very lowest end users. Mostly the District's new rates reduced the amount the highest volume users pay for the last volumes of water used. Therefore, whether the rate design produces rates that are just, reasonable, and nondiscriminatory to all groups of ratepayers is the major PFD issue, although some minor cost of service issues are also considered.

V. DISCUSSION AND ANALYSIS

A. Whether the District's Rate Design is Unreasonably Preferential, Prejudicial, or Discriminatory?

1. District's, ED's, and OPIC's Position

The District's rates that are the subject of this proceeding are just and reasonable. Mr. Don Rauschuber, a rate design and consulting expert and most recently manager for the District, testified that the District's rates are just and reasonable. Similarly, Mr. Brian Dickey, TCEQ's rate design expert, testified that the District's rates are just and reasonable. Those parties and OPIC argued there was no expert testimony in the evidentiary record suggesting that the District's rates are not just and reasonable.

The District, ED, and OPIC argued that the District's rates are just and reasonable because they were calculated in accordance with standard ratemaking principles and methodology. The rates were established based on a Cost of Service Study prepared by the District utilizing the cash basis methodology. The District noted that American Water Works Association (AWWA) recommends that governmental entities utilize the cash basis methodology and Tammy Lee Holguin-Benter, TCEQ Program Specialist, testified that this is an appropriate methodology to be utilized by nonprofit entities, and agreed with the District's use of such methodology. Use of the cash basis methodology is specifically authorized for nonprofit entities under certain circumstances. 30 TAC § 291.34(d).

Under the cash basis methodology, a utility is allowed to recover operations and maintenance expenses, debt service, and cash capital outlays, but not depreciation. (Exhibit DGR 10; *Rauschuber Prefiled Testimony*, P. 30, L. 17). The District argued that its rates were established to recover the District's reasonable and necessary operation and maintenance expenses, debt service expenses, and

a reasonable level of cash-funded capital outlays consistent with the cash basis methodology recommended by AWWA.

The ratemaking methodology used by the District is set forth in the Cost of Service Study. (*Exhibit DGR-6*). The Cost of Service Study utilizes the District's 2002-2003 audited fiscal year expenses as the test year for calculation of the District's cost of service because this was the most recent completed fiscal year of the District prior to adopting the new rates, according to Mr. Rauschuber. The test year expenses were then adjusted for known and measurable changes, based on the District's 2003-2004 fiscal year budget. After establishing a revenue requirement, the District's Cost of Service Study identified non-rate revenues to be applied against the cost of service (tap fees, connection fees, miscellaneous fees) to calculate the necessary revenues to be generated from water sales. The Study then identified various rate design alternatives that would recover the necessary revenues from the sale of water based on historical and projected consumption. The District selected the one it believed would best cover their cost of service and best match their previous base rate to prevent rate shock.

The District, ED, and OPIC., also argued the rates are not discriminatory. Those parties argued that a number of courts have interpreted the discrimination standard in the utility context. In all cases, utility rates are discriminatory *only if persons similarly situated are subject to different charges or services. Davis v. Bartonville Water Supply Corporation*, 678 S.W. 297, 299 (Tex.Civ. App.—Fort Worth, no writ), citing the Texas Supreme Court's decision in *State v. Southwestern Bell Tel. Co.*, 526 S.W.2d 526 (Tex.1975). The statutory discrimination prohibition is based upon the common law rule that one engaged in rendering a utility service may not discriminate in charges or service between persons *similarly situated* and has a duty to treat all alike unless there is a substantial basis for the differentiation. *Gillam v. City of Fort Worth*, 287 S.W. 494, 501 (Tex.Civ.App.—Fort Worth 1956, writ ref'd n.r.e.).

The District noted that it has one customer class and the same rates apply to all customers equally. (Exhibit DGR-10; *Rauschuber Prefiled Testimony*, p. 41, l. 9). Every customer who uses any given quantity of water pays the exact same rate as every other customer who uses the same quantity of water. Since the District has only one customer class and the same rates apply to all customers, the District, ED, and OPIC argued that the rates are necessarily consistent in application to each class of customers and cannot be discriminatory, prejudicial, or discriminatory for purposes of TEX. WATER CODE ANN. §13.043.

The District responded to Mr. Purcell's assertion that the District's rates are discriminatory or preferential for "low volume users" because the block rate for consumption between 2,001 gallons and 10,000 gallons increased by $0.25 per 1,000 gallons, whereas rates for the highest consumption blocks decreased (as compared to the previous summer rates). First, the District argued that whether rates are discriminatory is not determined based upon a comparison to the rates previously in effect. Moreover, the rates cannot be discriminatory because high volume users and low volume users are treated equally. That is, every customer of the District that uses 5,000 gallons, 10,000 gallons, 25,000 gallons, 50,000 gallons or any other level of consumption pays the exact same amount for that consumption. The $0.25 rate increase for consumption between 2,001 gallons and 10,000 gallons applies equally to all customers of the District. In other words, a customer who uses 70,000 gallons per month was also subject to and pays this rate increase. Therefore, the rates are not preferential or discriminatory as a matter of law.

Mr. Rauschuber disagreed with Mr. Purcell's assertion that the District's rates are discriminatory or preferential because the amount of gallonage in each of the District's rate tiers is not identical, and the increase in charges between rate tiers is not identical. In response, Mr. Rauschuber argued that since the rate tiers apply to all customers of the District equally, they cannot be discriminatory. As extra authority that this design is not discriminatory or preferential, Mr. Rauschuber cited a provision set forth on Page 116 of the AWWA -1 Rate Manual which says:

There is no standard number or size of blocks in an inverted rate structure, nor is there a standard for how steeply the unit charges for each of the blocks increase.

The District also argued that its rates are also just and reasonable because they are consistent with historical rate structures of the District. Mr. Rauschuber testified that an important principle in rate setting is consistency in order to avoid customer confusion and "rate shock."

In response to Mr. Purcell's argument that the District's rates are not reasonable because they do not promote conservation, Mr. Rauschuber testified that the District has an inverted block rate structure, which is a recommended rate structure designed to promote conservation on an annual basis. The District's volumetric rates consist of five blocks that increase from $2.00 per 1,000 gallons to $7.50 per 1,000 gallons. This represents a 275% increase in the volumetric rate. Thus, a customer who uses more water pays significantly more for such use, both on a volumetric basis and a total cost basis.

Mr. Rauschuber testified that because consumption is relatively inelastic, an inverted block rate structure is only one element of an effective water conservation program. A customer will curtail usage in response to price and cost increases, but generally not to the point that a customer will lose his or her landscaping investment. The relative price inelasticity of water consumption by District customers is demonstrated by the District's historical usage data. In May, 2002, a previous Board of Directors of the District (of which Mr. Purcell was a member) increased volumetric rates applicable to the highest usage customers from $6.50 to $10.50 per 1,000 gallons. Mr. Rauschuber opined that if there was significant price elasticity within the District, consumption should have decreased significantly as a result of the rate increase. As reflected in the data included in the District's Cost of Service Study, however, the average per capital monthly consumption did not decrease as a result of the increase in rates. In fact, the average monthly per capita consumption actually increased. Thus, the seasonal rate structure did not promote conservation but instead created a financial windfall for the District over a few months period. The District argued that its Water

Conservation Plan, used in connection with its inverted block rate structure, is the most effective water conservation tool.

2. Mr. Purcell's Position

Mr. Purcell argued that under what he terms a "unit cost analysis," the District's rates are unreasonable or discriminatory. He defines the customer's unit cost as the total monthly cost divided by the number of gallons consumed. Using that analysis, he concludes that a customer who uses 2,000 gallons of water, for instance, would pay an effective rate of $17.50 per thousand gallons whereas a customer who uses 10,000 gallons would pay an effective cost of $5.10 per thousand gallons. Mr. Purcell argued that the District's inclusion of a $35.00 minimum charge, regardless of whether any water is consumed or not, is unfair and causes this unjust result. Mr. Purcell concludes that because the effective cost of water is lower for high volume customers, that the rates are unfair to the low volume user. Consequently, he argues, the rates are unreasonable or discriminatory.

Mr. Purcell also argued that the District's increasing block tiered rate, coupled with a base monthly fee, is inconsistently applied to residential customers. Specifically, Mr. Purcell argued consumption and monetary increments per tier are inconsistent. For example, the rate for the 2001-10,000 gallons tier is only $2.00 per thousand gallons but jumps to $3.00 per thousand gallons for the 10,001-10,000 gallons tier. That is a $1.00 per thousand gallons increase. From the 10,001-20,000 gallon tier to the 20,001-35,000 gallon tier, increases only from $3.00 to $3.25, an increase of just $.25. Also, the block sizes are inconsistent. The 20,001-35,000 gallons block contains an extra 5,000 gallons of water compared with the next lower block. Mr. Purcell believes this shows discriminatory treatment towards the lowest tier users in that they pay almost as much per gallon as the next tier users. These sort of inconsistencies continue as the blocks increase.

Mr. Purcell also argues this design does not promote conservation as did the seasonal rates he set as a Board member.

3. ALJ's Analysis

The ALJ agrees with the District, the ED, and the OPIC that the District has one customer class and the same rates apply to all customers equally. The ALJ also finds that since the District has only one customer class and the same rates apply to all customers, the rates are necessarily consistent in application to each class of customers and cannot be discriminatory, prejudicial, or discriminatory for purposes of TEX. WATER CODE ANN. §13.043.

With regard to the part of the rate design that includes a $35 base fee, the ALJ agrees with the District, the ED, and the OPIC that some base fee is needed and that Mr. Purcell's "unit cost" calculation, which assumes no base fee, is logically flawed. Mr. Rauschuber persuasively argued that much of the District's fixed costs should be recovered through the base fee. That is, the District needs a reliable source of recovering costs that are independent of consumption. In order to eliminate huge revenue fluctuations due to weather and other variables, the District properly includes this base fee in the cost of each customer's bill in order to provide the ongoing capacity to each customer whether or not the customer uses water. The ALJ agrees with Mr. Rauschuber that the inclusion of a base fee is consistent with standard ratemaking principles throughout the industry.

Mr. Purcell was not persuasive in his argument that the District's rates are discriminatory to "low volume users." The ALJ notes that consumption between 2,001 gallons and 10,000 gallons did increase, but only by $0.25 per 1,000 gallons. Rates for higher consumption for higher consumption blocks decreased (as compared to the previous summer rates), but not in a way that was discriminatory to any group. Mr. Purcell's analysis ignores the fact that certain costs are fixed and assumes, without evidence, that any deviation from the previous rates is discriminatory or preferential.

Mr. Rauschuber testified that the charge per tier was calculated from the rate study and tries to make logical breaks to conform to historical usage patterns within the District. Overall, of course,

the District was attempting to reduce what it believed were the punitive charges of its previous rate for highest volume users to address the concerns of the voters in the most recent Board elections.

The ALJ finds that the rates cannot be discriminatory when they are cost-based and all users are treated equally. Every customer of the District that uses 5,000 gallons, 10,000 gallons, 25,000 gallons, 50,000 gallons or any other level of consumption pays the exact same amount for that consumption. The $0.25 rate increase for consumption between 2,000 gallons and 10,000 gallons applies equally to all customers of the District. Therefore, the rates are not preferential or discriminatory as a matter of law.

Mr. Purcell's argument that the District's rates are discriminatory or preferential because the amount of gallonage in each of the District's rate tiers is not identical, and the increase in charges between rate tiers is not identical, was also unpersuasive. The ALJ agrees with the District, the ED, and the OPIC that since the rate tiers apply to all customers of the District equally, they cannot be discriminatory and because the AWWA —1 Rate Manual makes clear there is no exact standard for this design. The ALJ also believes the District was able to show that there was some rational basis for how the District designed and priced the tiers, based on historical usage patterns in the District. The ALJ also believes a District should be given great deference in structuring its rate tiers as it sees fit as long as they do not become discriminatory or preferential. In this instance, the District's rate design seems perfectly reasonable and intended to fairly achieve its revenue requirement without shocking the customers.

The ALJ finds the base monthly fee is reasonable because it is not excessive, does not recover variable costs, and it causes customers to contribute equally to a significant portion of the fixed costs of the District.

The ALJ finds the District's rate design fairly promotes conservation. The ALJ agrees with the District that a balance must be struck between promoting conservation and allowing customers

to use what water they must to enjoy and protect their property and landscape. The District fairly notes that water use is inelastic, to some degree, and that overly expensive seasonal rates serve more as a punishment than a deterrent. The voters of the District so concluded and changed the District Board members in order to effectuate more reasonable rates that both promote conservation and are fair also to higher end users. The ALJ believes the District's rate design accomplishes those purposes.

In summary, the ALJ finds the District's rates are not unreasonably preferential, prejudicial, or discriminatory and are equitable, and consistent in application to each class of customers. The District's rate structure, including the base rate, is consistent with industry standards for water utility rate design and reasonably promotes conservation.

B. Whether the District's Rates Recover its Reasonable Costs of Service

1. District's, ED's, and OPIC's Position

The Texas Supreme Court set forth the following factors for judging the reasonableness of a utility's rate structure in Texas:

> [A] proper determination is based upon consideration of three factors: (1) the utility's reasonable operating expenses; (2) the rate base; and (3) a reasonable rate of return. First, there must be a determination by the regulatory authority of the utility's reasonable operating expenses.... [T]he next step is the rate base calculation. After the rate base is determined, the regulatory authority determines the rate of return, or the percent of the rate base which will be recoverable in revenues by the utility.

Suburban Util. Corp. v. Public Util. Comm'n., 652 S.W.2d 358, 362 (Tex. 1983). Neither "rate base" or "rate of return" are applicable to a utility using the cash basis methodology. *Black v. City of Killeen*, 78 S.W.3d 686, 692 (Tex.App.2002—Austin, pet. denied); *see, also, Davis v. Bartonville Water Supply Corporation*, 678 S.W. 297, 299 (Tex.Civ. App.—Fort Worth, no writ). In the current matter, the District noted that, as a political subdivision using the cash basis methodology, it does

not seek a rate of return on a rate base. Thus, the District submitted that the reasonableness of its rates may be considered according to whether the rates were calculated to recover reasonable expenses.

The District argued that its rates were established to recover the District's reasonable and necessary operation and maintenance expenses, debt service expenses, and a reasonable level of cash-funded capital outlays, as follows:

O&M Expenses and Capital Outlays	$3,303,952
Debt Service	$480,000
Total Revenue Requirements	$3,783,952

(*Rauschuber Prefiled Testimony*, P. 31, L. 5–8). Of this total revenue requirement, the sum of $3,103,531 is the revenue requirement to be recovered through water sales.[2] (*Id.*, p. 31, l. 15). The remaining portion of the total revenue requirement would be recovered through non-rate revenues and internal fund transfers. (*Id.*, l. 16-18).

The District, ED, and OPIC argued that the costs and expenses upon which the District's rates were based are reasonable for the following reasons:

- The costs were based on the District's actual audited 2002-2003 fiscal year expenses. (Rauschuber Testimony, p. 33, l. 7).

[2] It should be noted that the Executive Director calculates a total revenue requirement of $3,504,859.00, and a net revenue requirement to be funded from water sales as $3,171,017.00 (Ex. ED-A2). The difference between the Executive Director's and District's calculations is due to the following: (I) the District classified its raw water sales income, wholesale water sales income, and other interest income as non-rate revenues that were applied against its costs of service, and the Executive Director did not do so; and (ii) the District included the sum of $279,093 in its costs of service as cash-funded capital outlays; whereas the Executive Director deemed this cost an ineligible depreciation expense. Mr. Rauschuber testified that this sum was not in fact depreciation, but that it was labeled "depreciation" in the Cost of Service Study in response to Mr. Purcell's request that the budget include a "depreciation" expense (while Mr. Purcell was president of the Board of Directors of the District). (*Rauschuber Prefiled Testimony*, p. 36, l. 11).

The ALJ finds that the $279,093 cash capital outlay expense is a valid expense and was improperly classified as an ineligible depreciation expense by the Executive Director. When that expense is added back in to the cost of service, the net revenue requirement becomes $3,450,110 and the gross revenue requirement becomes $3,783,952.

- The test year expenses were adjusted for known and measurable changes, as set forth in the District's 2003-2004 fiscal year budget. Virtually all political subdivisions calculate the costs of service based on budgeted expenses. (*Id.*, p. 34, l. 1). This practice is reasonable provided the budget is a reliable forecast of anticipated expenses. (*Id.*, l. 4). The District's 2002-2003 fiscal year expenses were within 3 percent of budget, demonstrating that its budgeted expenses are a reliable forecast of anticipated expenses . (*Id.*, l. 5).

- All costs included in the Cost of Service Study relate to the provision of water service by the District and to no other purpose. (*Id.*, p. 34, l. 17).

- Costs of the District not paid with rate revenues (such as impact fee projects, debt service funded with impact fees, etc.) were excluded from the District's revenue requirement calculation. (*Id.*, l. 21).

- The District's costs of service do not include any return on investment and do not recover depreciation, both of which are not eligible expenses under the cash basis methodology. (*Id.*, p. 35, l. 14-21).

- No party to this proceeding has challenged the amount or reasonableness of any of the individual operations, administrative, maintenance and other costs and expenses included in the District's Cost of Service Study.

- There is no evidence in the evidentiary record to suggest that any of the costs of service on which the rates were based are unreasonable, not necessary, or excessive.

In summary, the District contended its rates are just and reasonable because they were calculated to recover only reasonable and necessary operations and maintenance, debt service, and cash capital outlay costs of the District.

2. Mr. Purcell

Mr. Purcell argued that the District rates are not sufficient to fund and upgrade replacement projects (and depreciation). Mr. Purcell argued that the District was wrong in not budgeting for a depreciation component in its cost of service, as it did when he was a Board member. He also argued that "water rights, well site costs, electricity, salaries, etc." should all be funded from the rates.

3. ALJ's Analysis

The ALJ finds the District has established a rate that preserves the financial integrity of the District as the District argued pursuant to the requirements of TEX. WATER CODE § 13.043(j). The ALJ agrees with the District that Mr. Purcell's argument is based on the flawed assumption that all expenses of the District must be funded each years through rates. The District properly noted that as a political subdivision, it could and does fund a significant portion of its projects through bonds. The testimony from Mr. Garry Kimball, the financial advisor to the District from First Southwest Company, made it clear that from a ratepayer's perspective, it is more fair to have long-term capital assets paid for by the customers over the useful life of the assets. Long-term financing of those assets makes the most sense for political subdivision like the District.

The ALJ also agrees with the District, the ED, and OPIC that the District's use of the cash-basis methodology for determining Cost of Service is the acceptable methodology for non-profit governmental entities such as the District. The ALJ believes Mr. Purcell is either confused in failing to recognize that depreciation-like components, rather than a depreciation *per se* as considered in the "utility basis" of accounting, are accounted for in the cash basis methodology through a line-item like "work-in-progress capital improvement projects" or is purposely disregarding the District's explanation on that issue. In either case, the ALJ believes the District has properly shown the it has adopted rates that properly considers its costs and will maintain the financial integrity of the District.

C. Rate Case Expenses

1. ALJ's Analysis

Section 13.043(e) of the Texas Water Code authorizes the District to recover its reasonable expenses incurred in this appeal proceeding. District Exhibit No. 3 sets forth the District's rate case expenses incurred prior to the evidentiary hearing. The District's rate consultant expenses equal

$7,587.00. The District incurred $34,316.61 in legal costs and expenses prior to the hearing, including discovery and mediation expenses. The District seeks an additional $8,096.39 for payment of legal fees and costs associated with the hearing and post-hearing arguments and pleadings. There is no evidence in the record challenging the reasonableness of the District's costs and expenses of $50,000.

The District seeks to recover its rate case expenses by a surcharge in the amount of $1.00 per customer per month. The ALJ recommends to the Commission that this surcharge be reasonably and appropriately added to the District's tariff until the rate case expenses of $50,000 are fully recovered.

D. Transcription Costs

1. ALJ's Analysis

In an initial prehearing order, the ALJ ordered a court reporter for the hearing. At the end of the hearing, it was the ALJ's understanding that no party wanted the hearing transcribed. He took evidence as to the proper allocation of per diem court reporting costs between Chisholm Trail and Mr. Purcell's group. Subsequent to the hearing, the ED's Staff actually ordered the transcript. Because the ED ordered and presumably paid for the full transcription cost when no other party requested a transcript, it bears the costs of the majority of the $1,674.07 total cost. The ED credibly argued that the per diem "base fee" costs of $340.00 ought to be subtracted from that total expense and allocated between the two remaining hearing participants that can be assessed those expenses under the Commission's rules: the District and the group represented by Mr. Purcell.

Based on the evidence and the Commission's allocation rules, the ALJ recommends that 100% of the $340.00 court reporter base fee should be attributable to Mr. Purcell's group. Mr. Purcell used the majority of time at the hearing; therefore, he was directly responsible for most of the $340.00 of costs. Additionally, Mr. Purcell was the only party to this proceeding who opposed

the District's rates. Mr. Purcell's ultimate decision to press the rates opposition was unreasonable, in the ALJ's judgment. The rate "increase" opposed by Mr. Purcell's group was relatively small ($0.25 per thousand gallons for consumption between 2,001 gallons and 10,000 gallons, which totals $2.00 month). Moreover, he would not prevail based on any historical standard. Because of his group's ultimately unwise decision to challenge the rates and request a hearing, the ALJ finds that Mr. Purcell's group should bear 100% of the relatively small $340.00 per diem costs from the court reporter.

VI. CONCLUSION

The ALJ recommends that the Commission adopt the attached Proposed Order:(I) finding that the District's rates are just and reasonable; not unreasonably preferential, prejudicial, or discriminatory; and sufficient, equitable, and consistent in application to each class of customers; (ii) establishing the same rates and charges that are currently in effect for the District (with the exception of the $1.00 surcharge for rate case expenses and establishment of $50,000 of rate case expenses); and (iii) ordering 100% of the court reporting per diem "base fee" of $340.00 be assessed to the Ratepayers represented by Mr. Purcell.

SIGNED February 8, 2006.

BILL ZUKAUCKAS
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

P-NT01298
P-NA02634

P-TC00905
P-WB01601

State Office of Administrative Hearings

SOAH PFD Search

Agency Code: All Agency Codes
Agency Name: All Agency Names
Docket Number:
Key Word Criteria: Help
Date Written: at any time.

Search

5 documents matching the Docket Number 582-05-0003 in all agencies

Documents 1 to 5

1. 100% relevance **582-09-5328-exc1.pdf**
14 KB - 8/13/2010 12:47 05 PM
August 10, 2010 Les Trobman, General Counsel Texas Commission on Environmental Quality P.O. Box 13087 Austin Texas 78711-3087 Re· SOAH Docket No. 582-09-5328; TCEQ Docket No. 2009-0929-UCR; Re Application of Deer Creek Ranch Water Co. LLC, to Change its Water Rates and Tariff Under Certificate of CAugust 10, 2010 Les Trobman, General Counsel Texas Commission on Environmental Quality P.O Box 13087 Austin Texas 78711-3087 Re: SOAH Docket No. 582-09-5328; TCEQ Docket No. 2009-0929-UCR; Re. Application of Deer Creek Ranch Water Co. LLC, to Change its Water Rates and Tariff Under Certificate of C

2. 85% relevance **582-05-0003-po0.pdf**
20 8 KB - 2/9/2006 3.52:25 PM
Texas Commission On Environmental Quality AN ORDER Denying the Ratepayer's Appeal of the Retail Water Rate Increase of Chisholm Trail Special Utility District, SOAH Docket No. 582-05- 0003; TCEQ Docket No. 2004-0979-UCR On _ the Texas Commission on Environmental Quality Commission) considered the RaTexas Commission On Environmental Quality AN ORDER Denying the Ratepayer's Appeal of the Retail Water Rate Increase of Chisholm Trail Special Utility District; SOAH Docket No. 582-05- 0003; TCEQ Docket No 2004-0979-UCR On _ the Texas Commission on Environmental Quality Commission) considered the Ra

3. 42.5% relevance **582-05-0003-pfd0.pdf**
34 8 KB - 2/9/2006 3.52:20 PM
SOAH DOCKET NO 582-05-0003 TCEQ DOCKET NO. 2004-0979-UCR PETITION REQUESTING REVIEW OF CHISHOLM TRAIL SPECIAL UTILITY DISTRICT'S RATE INCREASE PURSUANT TO TEXAS WATER CODE SECTION 13 043 ◆ ◆ ◆ ◆ ◆ ◆SOAH DOCKET NO. 582-05-0003 TCEQ DOCKET NO. 2004-0979-UCR PETITION REQUESTING REVIEW OF CHISHOLM TRAIL SPECIAL UTILITY DISTRICT'S RATE INCREASE PURSUANT TO TEXAS WATER CODE SECTION 13.043 § § § § §

4. 32 5% relevance **582-08-2863-po1.pdf**
36.1 KB - 2/8/2011 9:42:07 PM
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AN ORDER REGARDING THE APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY SOAH DOCKET NO. 582-08-2863 TCEQ DOCKET NO. 2008-0093-UCR On _ the Texas Commission on Environmental Quality (TCEQ or Commission) considered the appeTEXAS COMMISSION ON ENVIRONMENTAL QUALITY AN ORDER REGARDING THE APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY SOAH DOCKET NO. 582-08-2863 TCEQ DOCKET NO. 2008-0093-UCR On _ the Texas Commission on Environmental Quality (TCEQ or Commission) considered the appe

5. 10% relevance **582-08-2863-pfd1.pdf**
138.7 KB - 2/8/2011 9:42.01 PM
SOAH DOCKET NO. 582-08-2863 TCEQ DOCKET NO 2008-0093-UCR APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS TABLE OF CONTENTS I. INTRODUCTION AND SUMMARY 1 II. DESCRIPTION OF LCRA AND APPELLANTS 2 III. JURISDSOAH DOCKET NO. 582-08-2863 TCEQ DOCKET NO. 2008-0093-UCR APPEAL OF THE RETAIL WATER AND WASTEWATER RATES OF THE LOWER COLORADO RIVER AUTHORITY BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS TABLE OF CONTENTS I. INTRODUCTION AND SUMMARY 1 II. DESCRIPTION OF LCRA AND APPELLANTS 2 III. JURISD

Page 1 of 1

The index is up to date.

300 W. 15th Street, Suite 504 Austin, TX 78701-1649 Phone 512.475.4993 Fax 512.475.4994 Email: questions@soah.state.tx.us

P-NT01300
P-NA02636

P-TC00907
P-WB01603

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

AN ORDER Denying the Ratepayer's Appeal of the Retail Water Rate Increase of Chisholm Trail Special Utility District; SOAH Docket No. 582-05-0003; TCEQ Docket No. 2004-0979-UCR

On _____, the Texas Commission on Environmental Quality (Commission) considered the Ratepayer's Appeal of the Water Rate Increase of Chisholm Trail Special Utility District (the Appeal). The matter was presented to the Commission with a Proposal for Decision by Bill Zukauckas, an Administrative Law Judge with the State Office of Administrative Hearings, who conducted a contested case hearing concerning the Appeal. After considering the ALJ's Proposal for Decision and the evidence and arguments presented, the Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Chisholm Trail Special Utility District (the "District") is a conservation and reclamation district located in Williamson, Bell and Burnet Counties, Texas.
2. On March 18, 2004, the Board of Directors of the District adopted new water rates.
3. The District's rates consist of a $35 per month base monthly fee (that includes 2,000 gallons) and the following volumetric rate tiers:
   a. $2.00 per 1,000 gallons between 2,001 and 10,000 gallons
   b. $3.00 per 1,000 gallons between 10,001 and 20,000 gallons

c. $3.25 per 1,000 gallons between 20,001 and 35,000 gallons
d. $5.00 per 1,000 gallons between 35,000 and 50,000 gallons
e. $7.00 per 1,000 gallons between 50,001 and 60,000 gallons
f. $7.50 per 1,000 gallons above 60,001 gallons

4. On June 14, 2004, ratepayers of the District filed a petition with the Commission appealing the rates established by the Board of Directors of the District at its March 18, 2004 meeting pursuant to Section 13.043(b) of the Texas Water Code. The petition was signed by more than 10 percent of the ratepayers whose rates had been changed and who were eligible to appeal.

5. On November 30, 2004, the State Office of Administrative Hearings conducted a preliminary hearing regarding the petition filed by the ratepayers. At the hearing, the following persons were granted party status: Chisholm Trail Special Utility District, the Executive Director of TCEQ, the Office of Public Interest Counsel, Linda Johnson, Josephine M. Nors, Reg Pierson, Russell Purcell, LeRoy Carlson, Cassius J. and Betty Mullen, Barbara Guest, Cathy Harris, Brenda Bledsoe, Henry and Roxanne LaMuth, Kay Stafford, H.G. Lowery, Gayla Corsentino, and Mary Wilson. Mr. Reg Pierson subsequently withdrew his party status.

6. The District mailed notice of the preliminary hearing to every customer of the District not less than ten days prior to the preliminary hearing.

7. An evidentiary hearing was conducted on November 7, 2005.

8. The District's rates were calculated according to a Cost of Service Study dated March 18, 2004.

9. The Cost of Service Study utilizes the cash basis methodology for the calculation of water rates.

10. The cash basis methodology is a reasonable and appropriate methodology for calculation of the District's revenue requirement.

11. The District is a political subdivision.

12. The cash basis methodology allows a political subdivision to recover its reasonable and necessary operation expenses, debt service costs, and cash-funded capital outlays.

13. Under standard ratemaking principles, political subdivisions calculate rates based on the cash basis methodology.

14. The test year included in the District's Cost of Service Study was the District's 2002-2003 fiscal year.

15. It is reasonable and appropriate to use the District's 2002-2003 fiscal year as the test year.

    a. This is the most recent completed fiscal year prior to the adoption of the District's current rates.

    b. The audited financial statements were available for the District's test year.

16. The District's test year expenses were adjusted for known and measurable changes based upon its budgeted expenses for the District's 2003-2004 fiscal year.

17. It is reasonable and appropriate for the District to adjust its test year expenses according to its budgeted expenses.

    a. The calculation of a utility's costs of service using budgeted expenses is appropriate for a political subdivision.

    b. Virtually all political subdivisions calculate the cost of service using budgeted expenses.

    c. This practice is consistent with standard ratemaking principles provided the budget is a reliable forecast of anticipated expenses.

    d. The District's actual expenses were within 3% of its budget, indicating the District's budget is a reliable forecast of anticipated expenses.

18. The total revenue requirement of the District is $3,450,110.00, calculated as follows:

ITEM	AMOUNT
Water Rights	$364,988.00
Wholesale Purchased Water	$1,800.00
Well Site Costs	$218,520.00
Electricity	$202,450.00
Surface Water	$93,527.00
Repairs	$425,834.00
Vehicle	$105,000
Equipment Costs	$54,500
Cash-Fund Capital Outlays	$279,093
Loan Expense	$480,000
Office Expense	$89,900.00
Salaries and Benefits	$816,090.00
Professional Fees	$130,000
Administrative Expense	$100,000
Work-in-Progress Capital Improvement Projects	$405,000
Miscellaneous Expenses	$17,250.00
GROSS REVENUE REQUIREMENT	$3,783,952.00
LESS OTHER REVENUES: -Construction and Connection Fees -Miscellaneous Fees	 ($174,542.00) ($333,842.00)
NET REVENUE REQUIREMENT	$3,450,110.00

19. The District's revenue requirement is reasonable:

a. All costs and expenses are based on the District's test year expenses, as adjusted for known and measurable changes.

b. All costs and expenses included in the District's costs of service are related to the provision of water service.

c. All costs and expenses funded with non-rate revenues were excluded from the District's costs of service.

d. The amount of costs and expenses included in the District's costs of service are reasonable and necessary.

e. The revenue requirement was calculated under a cost of service study prepared in accordance with standard ratemaking principles under the cash basis methodology.

f. The revenue requirement funds the District's costs of service, consisting of the District's reasonable and necessary operating, maintenance and administrative expenses; debt service expenses; and a reasonable level of cash-funded capital outlays.

g. The revenue requirement does not include any depreciation, return on investment or other inappropriate or ineligible expenses.

20. The District's rates consist of an inverted block rate design.

21. It is reasonable and appropriate for the District to use an inverted block rate structure.

a. An inverted block rate structure is consistent with standard ratemaking principles.

b. An inverted block rate structure promotes conservation.

c. The District's volumetric rates increase 275% from the lowest rate tier to the highest rate tier.

d. The increase in cost per tier, and gallonage included in each tier, is not consistent, but under standard ratemaking principles, there is no standard number or size of blocks in an inverted rate structure, nor is there a standard for how steeply the unit charges for each of the blocks increase.

22. The District charges a base monthly fee of $35 per month.

23. The District's base monthly fee is just and reasonable.

a. It is common practice for utilities to charge a base monthly fee.

b. The District has fixed costs such as salaries, debt service, and water reservation expenses that are incurred independently of the quantity of water sold.

c. A base monthly fee allows a utility to have a constant revenue stream to fund debt service, salaries, water reservation fees, and other costs that are incurred regardless of the quantity of water sold.

d. The elimination of the District's base monthly fee would cause the District's revenue stream to vary significantly according to rainfall and other variables, potentially jeopardizing its ability to pay its fixed costs and expenses, and the District's ability to meet its coverage requirement for the issuance of additional bonds.

e. The District's base monthly fee allows District customers to contribute to fixed monthly expenses equally.

f. The District's base monthly fee recovers approximately 75% of the District's fixed costs and is therefore not excessive.

g. The District does not fund variable costs with its base monthly fee revenues.

h. The elimination of the 2,000 gallonage component of the base monthly fee would increase the costs of water service for fixed income and elderly customers of the District.

24. The District's rates are just and reasonable.

a. The rates were calculated in accordance with standard ratemaking principles.

b. The rates recover the District's reasonable costs of service.

c. The rates incorporate an inverted block rate structure.

d. The District's base monthly fee is reasonable.

e. The rates are consistent with historical rate structures.

f. The rates promote conservation.

25. The District's rates are sufficient.

a. The District's rates were calculated to recover that portion of the District's total revenue requirement to be funded from water revenues.

b. The District's rates pay for the District's administrative, operations, maintenance, and debt service costs.

c. It is not reasonable or appropriate for a political subdivision that calculates rates using the cash basis methodology to fund depreciation.

d. The District's rates do not fund depreciation.

e. The District may fund capital improvements through the issuance of bonds.

f. The issuance of debt to fund capital improvements allows the beneficiaries of the improvements to pay for the costs of the improvements.

26. The District's rates are not preferential or discriminatory.

a. The District has only one customer class.

b. The District's rates apply to all customers equally.

27. It is reasonable and appropriate for the District to recover rate case expenses in the total amount of $50,000, calculated as follows:

a. Rate Consultant- $7,587.00

b. Pre-Hearing Legal Fees and Costs (including discovery, mediation, and hearing preparation)- $34,316.61

c. Hearing and Post-Hearing Legal Fees and Costs- $8,096.39

28. It is reasonable to allow the District to recover its rate case expenses in the amount of $50,000 through a surcharge in the amount of $1 per customer account per month, effective upon adoption of this Order and to remain in effect until the District has recovered the total sum of $50,000.

29. The District's current rates are just and reasonable; are not unreasonably preferential, prejudicial, or discriminatory; and are sufficient, equitable, and consistent in application to each class of customers.

CONCLUSIONS OF LAW

1. TEX. WATER CODE ANN. §13.043 authorizes an appeal by the lesser of 10,000 customers or 10 percent of those ratepayers whose rates have been changed by a special utility district.

2. The jurisdiction of the Commission to review the rates adopted by Chisholm Trail Special Utility District on March 18, 2004 was properly invoked under TEX. WATER CODE ANN. §13.043.

3. The rates adopted by Chisholm Trail Special Utility District on March 18, 2004 are just and reasonable; are not unreasonably preferential, prejudicial, or discriminatory; and are sufficient, equitable, and consistent in application to each class of customers for purposes of TEX. WATER CODE ANN. §13.043.

4. The surcharge set forth in Finding of Fact No. 28 is just, reasonable and non-discriminatory and authorized under TEX. WATER CODE ANN. §13.043.

5. The Ratepayers represented by Mr. Russ Purcell shall pay the transcription costs of the court reporter, which is $340.00, within 30 days of the date this Order becomes final.

6. The Commission hereby establishes the following rates and charges:

   a. $35 per month base monthly fee (that includes 2,000 gallons);

   b. $2.00 per 1,000 gallons between 2,001 and 10,000 gallons;

   c. $3.00 per 1,000 gallons between 10,001 and 20,000 gallons;

   d. $3.25 per 1,000 gallons between 20,001 and 35,000 gallons;

   e. $5.00 per 1,000 gallons between 35,000 and 50,000 gallons;

   f. $7.00 per 1,000 gallons between 50,001 and 60,000 gallons; and

   g. $7.50 per 1,000 gallons above 60,001 gallons

7. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to all parties.

8. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. The Ratepayer's Appeal of the Retail Water Rate Increase of Chisholm Trail Special Utility District is denied.
2. The rate as originally set by the District remains in place with the addition of a $50,000 rate case expense added to the tariff and surcharged at a rate of $1 per customer account per month, effective immediately and remaining in effect until the District has recovered the total sum of $50,000.
3. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief not expressly granted herein, are hereby denied for want of merit.
4. The Ratepayers group represented by Russell Purcell shall reimburse the Executive Director $340 of the of the $1,674.07 court reporting costs expended by the Executive Director.
5. The Chief Clerk of the Commission shall forward a copy of this Order to all parties.
6. If any provision, sentence, clause or phrase of this Order is for any reason held to be invalid, the invalidity of such shall not affect the validity of the remaining portions of the Order.

7. The effective date of this Order is the date the Order is final, as provided by 30 TEX. ADMIN. CODE § 80.273 and TEX. GOV'T CODE §2001.144.

ISSUED:

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Kathleen Hartnett White, Chairman
For the Commission